



City of Columbia
701 East Broadway
Columbia, Missouri 65201



RISK MANAGEMENT

Annual Report

2018

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Letter from the Risk Manager

Dear Reader of the 2018 Annual Risk Management Report,

A big part of risk management is addressing accidents involving City employees and the public. Another part is trying to figure out why things happen and what can be done to prevent claims and the resulting losses. Often accidents happen because people make mistakes or bad choices, even though we know the injury or damage wasn't their intent. Why does it happen?

Recently I read a book, *The Power of Fifty Bits* by Bob Nease, which explains our brains process about 10 million bits of information per second, but we are conscious of only about fifty bits per second. Despite good intentions, most of our brain activity is on autopilot, meaning we are inattentive and distracted.

This applies to all of us, including the staff in Risk Management. Working on autopilot and making decisions based on old or incomplete information can keep us from our best and safest efforts, even when that is not our intention. To the best of our busy, and often overwhelmed, mind's ability, we need to consciously decide and commit to our actions.

As you read this annual report you are invited to consider the activities of the City's Risk Management operation and how the information covered can or will impact your decisions. Also, please provide your feedback and suggestions so our staff can pay attention and avoid acting on autopilot and overlooking all the information available.

Sarah Perry

Risk Manager

Key Accomplishments & Goals

Accomplishments

- Development of an injury prevention training program to assist supervisors in effective completion of investigation reporting for employee injuries
- Purchase and installation of a driving simulator to provide driver awareness and safety training to City staff.
- Training offered to City employees in the areas of Cold Weather Safety, Severe Weather Safety/Evacuation, Wellness and Safety Interaction, and Slip, Trip, and Fall Prevention. Over 1,200 employees attended these and other safety training sessions.
- Completion of a City-wide evacuation program addressing exiting buildings and sheltering within.
- Development of an Inattentive Driving and Personal Electronic Devices policy for City employees.

Goals

- In coordination with City's Information & Technology Department, expand prevention training for Network Security & Privacy (cyber liability) exposures
- Establishment of policies and programs for permit-required confined space, excavation, and fall protection.
- Development and implementation of a driving simulator training program to improve the knowledge and capabilities of employees
- Expansion of Risk Management's Google Site to provide additional resources for City staff.
- Develop a communication tool to provide managers and supervisors updates about claims and litigation linked with their departments.

Insurance Coverage

Annually, the City receives an actuarial report which provides claims forecast information used to prepare a long range funding forecast for the fund and calculate the amount that needs to be recovered from the departments for the next year to ensure the fund is properly funded.

The cost of this program is recovered through fees to departments based upon three components:

- 50% of the cost is based on the department's five year claims cost history
- 30% of the cost is based on the department's work comp exposure as determined by industry rates—based on payroll expenses
- 20% of the cost is based on the department's vehicle exposure which is determined by the number and types of vehicles

The five year claims cost history is used to help smooth out the cost of large claims over time. The workers' compensation exposure recognizes certain jobs have more exposure to potential claims (such as firefighters, law enforcement, electric line workers, etc.) than others (such as employees who work in an office). The vehicle exposure recognizes that certain vehicles have more exposure to potential claims (such as fire trucks) than other vehicles.

In addition to the self-insurance retention, the City purchases excess insurance and coverage for special risks and exposures. Below is a list of the City's insurance coverages, carriers, and retention/deductibles for fiscal year 2019.

Property / Inland Marine / Boiler and Machinery Coverages

Insurance for City-owned buildings, vehicles, and equipment:

- Insurance Provider – FM Global Insurance Company
- Retention/Deductible (per claim) –
\$100,000 / \$100,000 / \$250,000

Excess Workers' Compensation Coverage

Insurance for employees with work-related injuries or illnesses:

- Insurance Provider – Safety National Casualty Corporation
- Retention/Deductible (per claim) –

Police/Fire/Electrical Line Workers	\$750,000
All other employees	\$500,000

Package Liability Program

Insurance against claims by outside parties against the City. Includes coverage for General Liability, Public Officials Liability, Police Liability, Professional Liability, Employment Practices Liability, Sexual Abuse Liability, Employee Benefits Liability, and Automobile Liability.

- Insurance Provider – States Risk Retention Group
- Retention/Deductible (per claim) – \$500,000

Health Department Professional Liability

- Insurance Provider – Allied World Surplus Lines Insurance
- Retention/Deductible (per claim) – \$5,000

Crime Coverages

- Insurance Provider – Nat’l Union Fire Insurance of Pittsburgh (AIG)
- Retention/Deductible (per claim) – \$50,000

Airport Liability

- Insurance Provider – Global Aerospace, Inc.
- Retention/Deductible (per claim) – \$10,000

Railroad Liability

- Insurance Provider – Liberty Surplus Insurance Corporation
- Retention – \$25,000

Railroad Rolling Stock

- Insurance Provider – Hanover Insurance Company
- Retention/Deductible (per claim) – \$1,000

Network Security & Privacy (Cyber Liability)

- Insurance Provider – Nat’l Union Fire Insurance of Pittsburgh (AIG)
- Retention/Deductible (per claim) – \$25,000

How does the City Purchase Insurance?

The City of Columbia uses the services of an insurance broker to identify the best insurance coverages at the most affordable cost. The broker is selected using a bid process conducted through the City Purchasing division. This bid process takes place at least every five years to select a broker familiar with the needs of a public entity with our exposures.

The broker goes to the insurance market annually and obtains bids from carriers for the City’s insurance coverage. All the bids and information are provided to the City for analysis and selection by Risk Management.

Risk Management Services

Insurance Procurement

While the City of Columbia does self-insure most of its losses, excess coverage is purchased to cover potential losses that exceed the City's self-insurance retention levels. Coverages include workers' compensation, property, and liability (auto, general, law enforcement, public officials), as well as special coverage including crime, airport, railroad, and health professional insurance.

Coverage placement with insurance providers is coordinated by Risk Management, with assistance from a contracted insurance broker. The City's broker for fiscal year 2018 was Marsh Incorporated.

Claims Management

All claims are coordinated by Risk Management. However, because of legal requirements associated with claims as well as the processing time involved, the City contracts with a claims administrator to handle some property, workers' compensation, and liability claims. Brentwood Services Administrators, Inc. is the City's claims administrator. Depending on the value, complexity, or processing time involved, a claim may be handled internally, by Risk Management staff, or externally, by Brentwood. In addition to claims handling, Brentwood also assists the City with loss reporting and legislative updates.

Safety & Loss Prevention

This is a broad category which covers training, development of safety policies and procedures, department-specific safety issues, attendance at safety committee meetings, and accident review, among other things. The safety section of this report contains descriptions of recently implemented safety policies and available safety resources.

Contract Review

Risk Management works with Purchasing, Legal, and other City departments to develop and review contract language in order to protect the City's assets.

Executive Safety Committee

Risk Management chairs the Executive Safety Committee, which is comprised of delegates from most City departments, and is tasked with the coordination of safety activities. The Executive Safety Committee uses accident and injury information to develop appropriate safety programs, with the mission of minimizing injuries and accidents involving City of Columbia employees, property, citizens, and visitors.

Certificates of Insurance

Risk Management coordinates issuing proof of the City's insurance coverage to outside companies and entities.

Emergency Evacuation & Planning

Risk Management coordinates emergency evacuation planning, building and floor monitors, and emergency drills to promote better response in emergency situations.

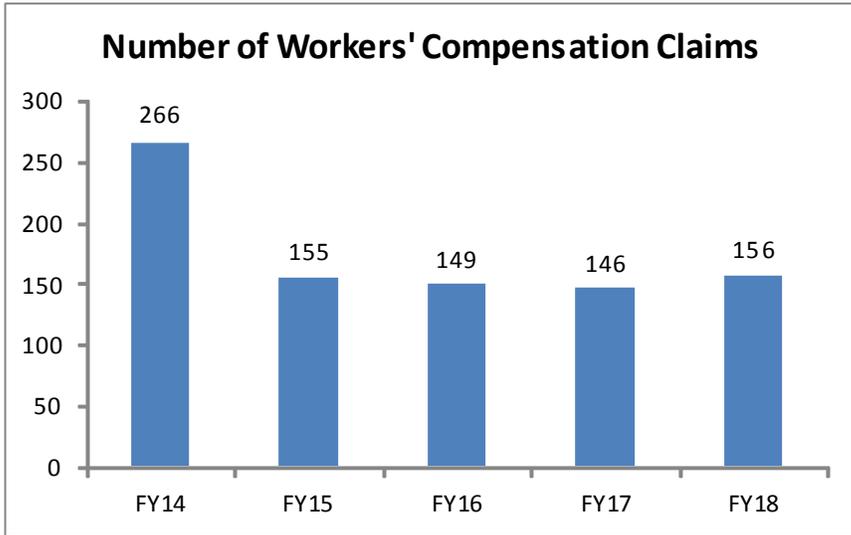
Restitution Assistance

Risk Management assists City departments with recovering monies owed to them for the repair or replacement of damaged City infrastructure. Risk Management recovered \$99,073 in fiscal year 2017 and \$125,080 in fiscal year 2018.

Risk Management Google Site

Risk Management maintains a Google site, which is used to share safety and claim information with the Executive Safety Committee, department or division safety committees, City administration, and City employees.

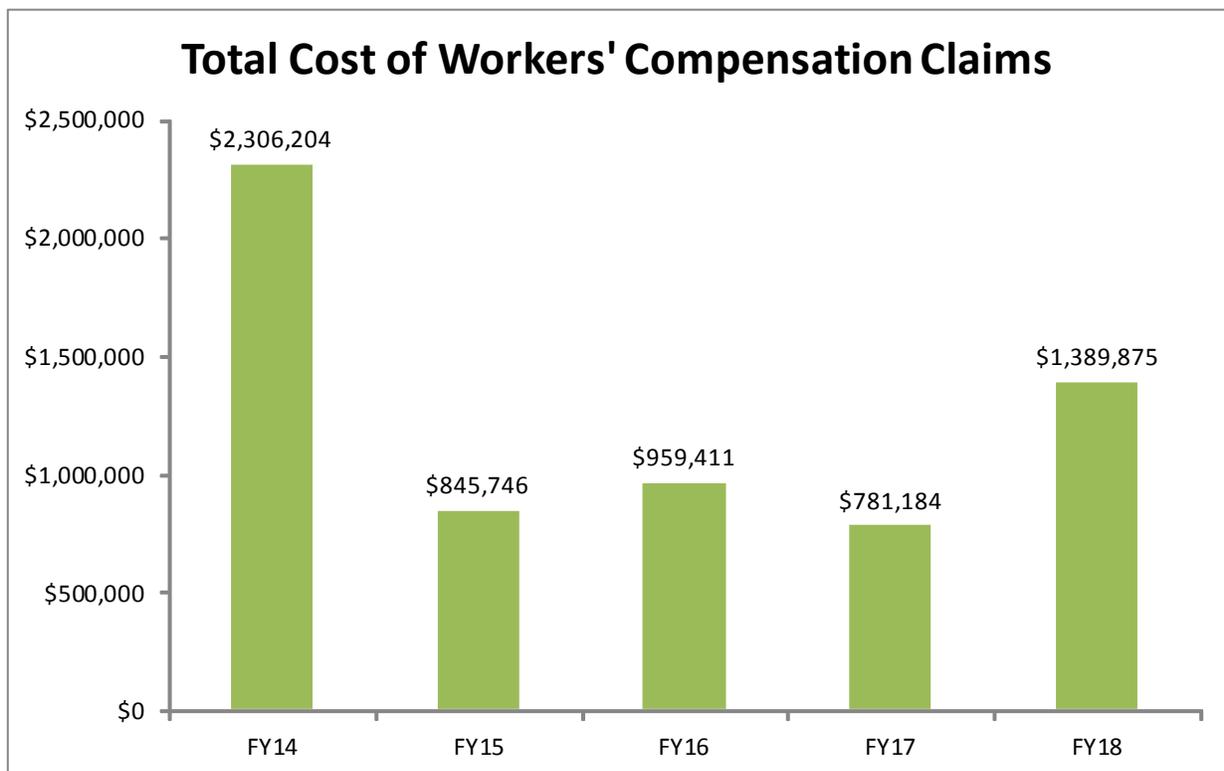
Workers' Compensation Claims



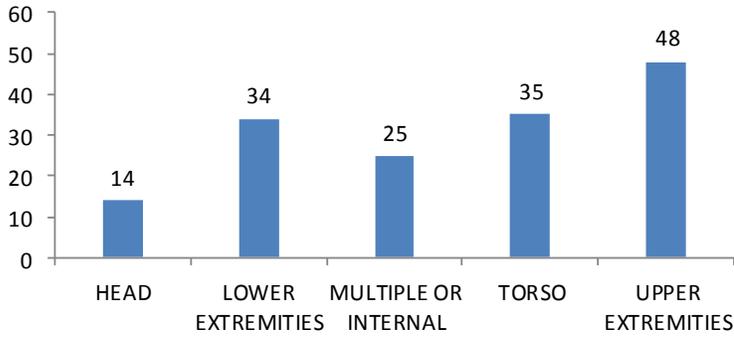
The City of Columbia is self-insured for the first \$500,000 of loss for most employees and the first \$750,000 for employees in high-risk occupations. Excess insurance is purchased to cover those claims that exceed these retention levels.

Average Cost per Workers' Compensation Claim

FY 14	FY 15	FY 16	FY 17	FY 18
\$8,670	\$5,456	\$6,439	\$5,351	\$8,909



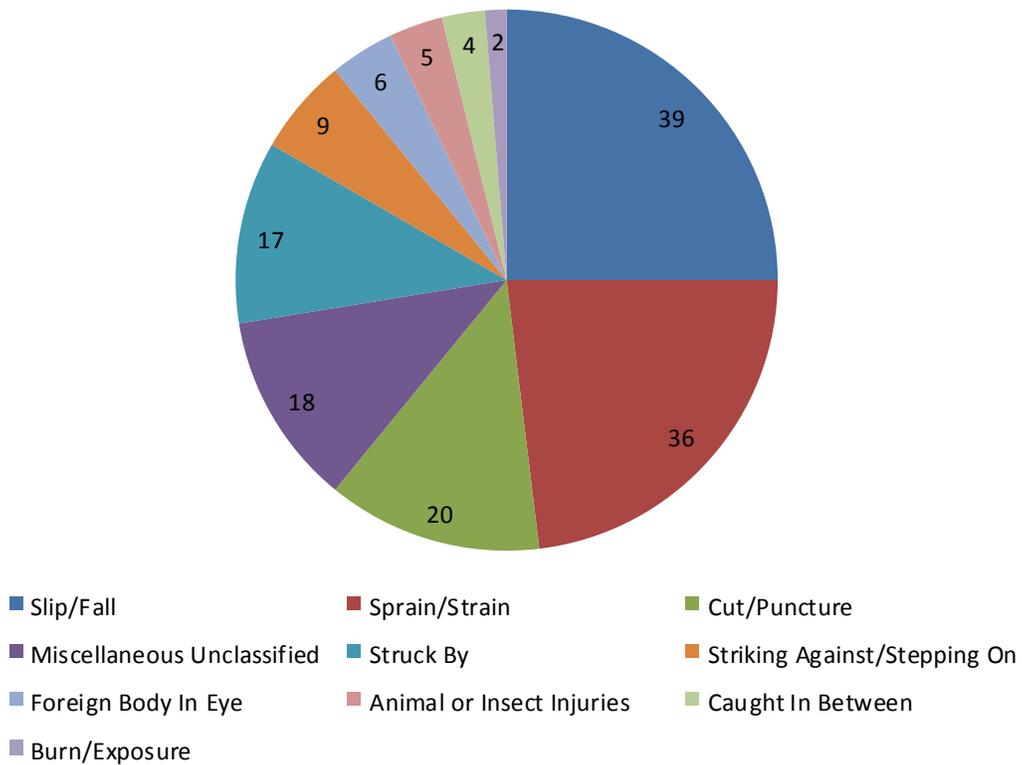
Workers' Compensation Claims by Body Group



Average Claim Cost by Body Group

Head	\$1,421
Lower Extremities	\$12,228
Multiple or Internal	\$6,538
Torso	\$17,297
Upper Extremities	\$3,928

Number of Claims by Cause

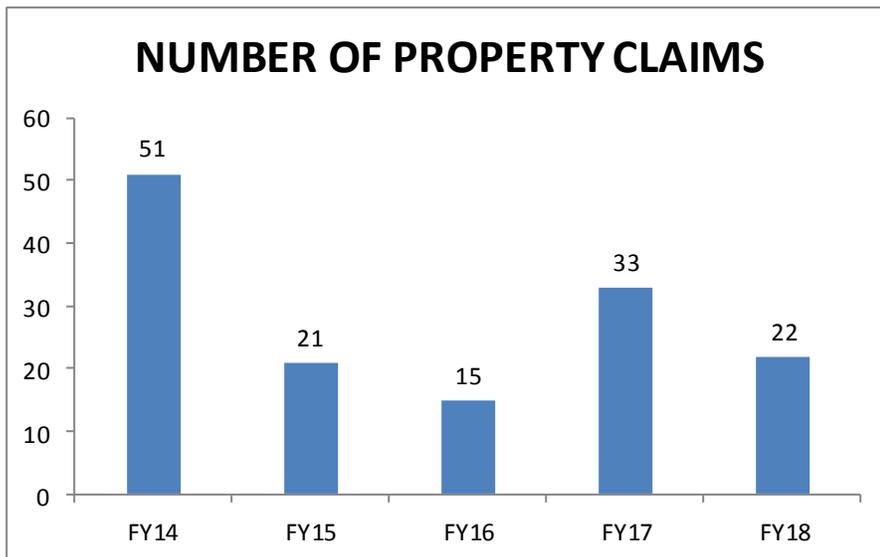


Average Claim Cost by Cause

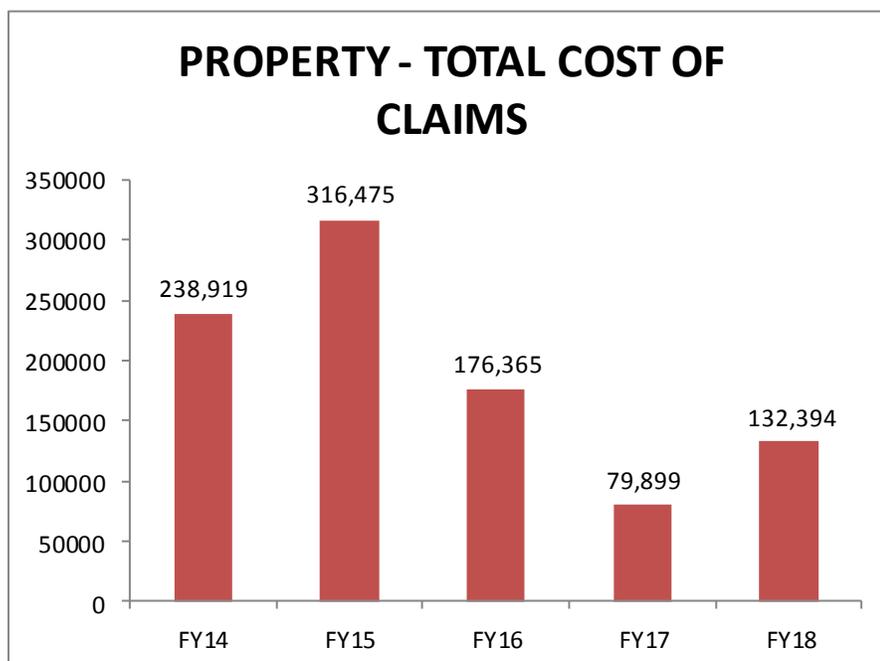
Sprain/Strain	Slip/Fall	Struck By	Striking Against	Caught in Between
\$17,815	\$11,085	\$5,268	\$3,245	\$3,201

Property Claims

The City of Columbia is self-insured against the loss of property for the first \$100,000 (with a few exceptions) per occurrence. An excess blanket property policy is purchased annually, and insures City-owned property up to \$550 million. The City's property policy also covers licensed vehicles and mobile equipment property up to \$10 million.



The number of property claims in fiscal year 2018 declined from the previous fiscal year, coming in 33% lower. This year's number is also lower than the average of the previous four years, which is 30 claims per year.



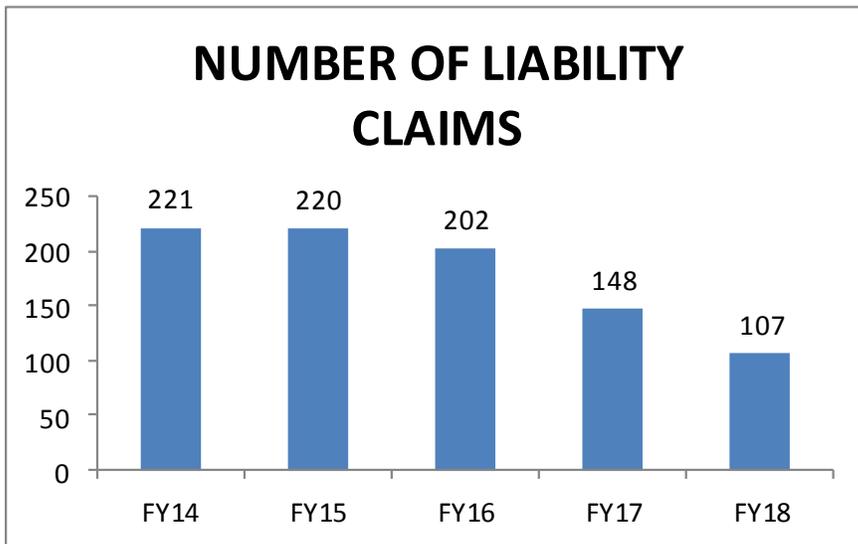
Although the number of claims dropped in fiscal year 2018, the cost of those claims was higher than the previous fiscal year, by nearly 66%.

Two incidents accounted for almost half of the total – a City bus that was totaled and an accident involving a pedestrian.

Liability Claims

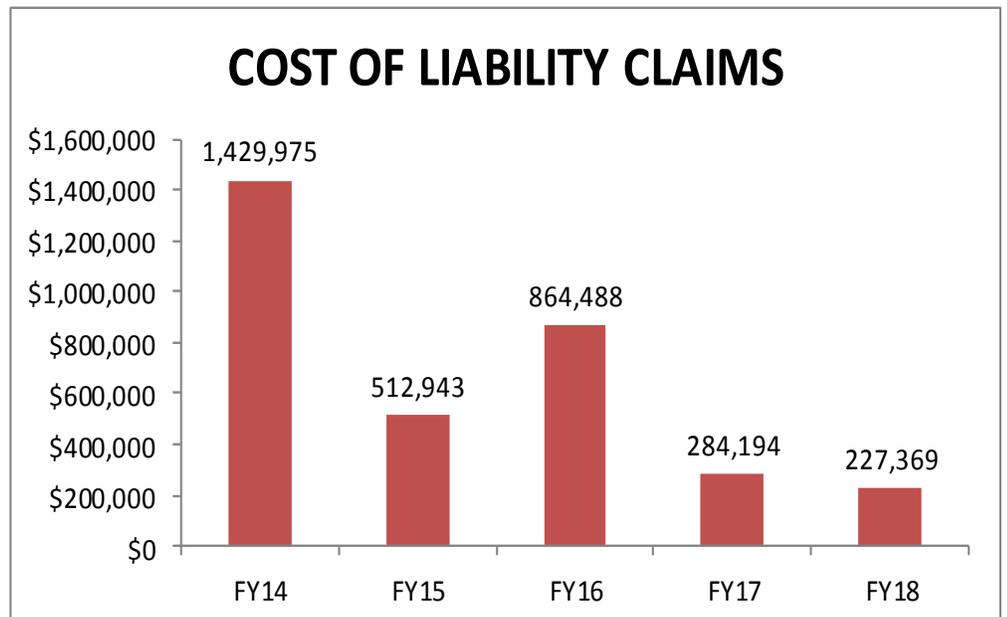
The City of Columbia is self-insured against liability claims up to the first \$500,000 per occurrence. Excess insurance provides coverage up to \$3 million per occurrence with an annual policy limit of \$10 million.

A variety of losses are covered under liability claims – damage to private property or an allegation of civil rights violations would each fall into this category. In fiscal year 2018, both the number and cost of liability claims decreased.



The number of claims fell by 27% compared to fiscal year 2017 and was 46% below the average over the previous four fiscal years.

The cost of liability claims also fell for fiscal year 2018. Costs were down nearly 20% compared to fiscal year 2017. The year's total costs were well below the four year average as well, representing approximately 30% of the average.



Safety Programs

Safety Program Overview

- Coordinate and conduct quarterly safety training programs
- Develop Citywide safety policies and programs based on regulatory standards or industry best practices
- Lead and coordinate Citywide safety and loss prevention efforts
- Write and publish safety articles, lesson plans, and manuals
- Perform industrial hygiene monitoring, analysis, and training
- Investigate injuries and accidents for the purpose of safety procedure and program improvement
- Administer City facility and asset loss control and property insurance recommendations

Citywide Safety Policies

- The Hot Work Policy is intended to prevent fires from starting as a result of any hot work that gives off sparks and is performed in areas not designated as hot work areas. This policy follows OSHA regulation 1910.252, which outlines general procedures for conducting hot work safely.
- The Respiratory Protection Program guides the proper use, care, and training required to ensure the correct use of respiratory protection equipment. This program adheres to standards outlined in OSHA regulation 1910.134.
- The Supervisor's Investigation Report Policy mandates an investigation following any employee injury that requires professional medical treatment. The goal of the investigation is to prevent the same type of injury happening again in the future. OSHA does not provide a specific standard requiring accident investigation in the workplace, however, OSHA does highly recommend such a program.

Citywide Safety Policies

- The Motor Vehicle Seat Belt Policy requires all City employees to wear seat belts when in City vehicles. This policy exceeds the state requirement by including equipment such as forklifts and backhoes in addition to motor vehicles. The *Missouri Revised Statutes*, Chapter 307 Section 3017.178 requires seat belt use in motor vehicles.
- The Hazard Communication Policy outlines requirements for the safe use and management of hazardous chemicals in the workplace, and complies with OSHA 1910.1200 standard.
- The High Visibility Apparel Policy requires employees who are working around traffic or heavy equipment to wear class 2 or class 3 reflective apparel. The Federal Highway Administration (FHWA) has revised the Code of Federal Regulations to incorporate the provisions of the 2009 Manual on Uniform Traffic Control Devices (MUTCD), which is applicable to all public roadways.

Safety Resources

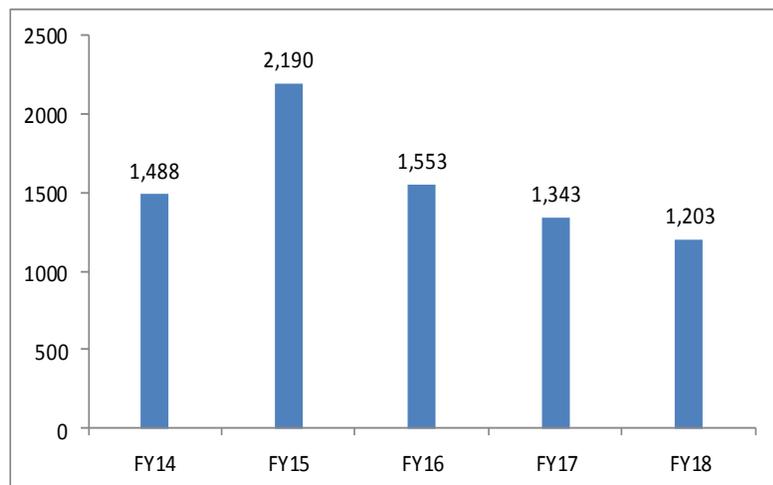
- Ergonomic Risk Reduction – Ergonomics examines a worker’s relationship to work, work tools, and the work environment. Ergonomic risk reduction and training services are offered to all City departments. Workstation ergonomic intervention follows the guidance provided by the Department of Health and Human Services, National Institute for Occupational Safety and Health.
- Respiratory Protection Fit Testing and Training – Respiratory protection is fit tested to ensure respirators will keep out airborne contaminants combined with training for proper use and care.

Safety Resources

- Safety Articles – Articles on a variety of topics are written regularly with the purpose of providing timely and pertinent safety information to City employees. Articles are published on the mycolumbiamo.com employee website.
- Noise Level Monitoring – City areas with excessive noise are surveyed using a noise dosimeter following the guidance from OSHA’s 1910.95 standard, and from the data gathered, it is determined if a hearing conservation program is necessary.
- Indoor Air Quality – Indoor air pollution stems from a variety of sources and can lead to discomfort and illness in workers. An investigation is performed and recommendations for improvement are offered.
- Air Sampling – City facilities are monitored for specific air pollutants to ensure contaminants do not pose a health hazard for employees. When determining hazardous levels of airborne contaminants, Risk management refers to OSHA’s 1910.1000 Table Z1 limits for air contaminants.
- Citywide Safety Manual – Risk Management periodically updates and publishes the Citywide safety manual.
- Standardized Equipment Training – Risk Management, in partnership with City University, has developed and administers a basic employee training program which covers basic hazards involved with operation common pieces of equipment. This program ensures all employees who use certain pieces of equipment receive a consistent, base level of training specific to that equipment.
- Facility Inspection and Training – This program involves regularly scheduled safety inspections at City facilities and provides training for employees for proper safety inspection techniques, how to identify problems in facilities, and the proper procedure to follow to correct any deficiencies.

Safety Training Programs

Risk Management and the Executive Safety Committee work together each year to develop quarterly safety training programs for City employees. During fiscal year 2018, 1,203 employees attended safety training programs.



Fiscal Year 2018 Safety Highlights

Quarterly Training Topics

1st Quarter – Cold Weather Safety

2nd Quarter – Severe Weather Safety

3rd Quarter – Wellness & Safety

4th Quarter – Slip, Trip, & Fall Prevention

Flagger Safety Training

Flagger Safety Training was provided to 40 employees in fiscal year 2018. This training teaches flaggers to provide safe passage of traffic through work zones and is required by MODOT for individuals directing traffic in temporary traffic zones. All employees who completed the course received a certification card upon completion.

Driving Simulator

Risk Management purchased and installed a state-of-the-art driving simulator in fiscal year 2018. The simulator includes many different driving scenarios and is available for training and refreshing safe driving habits in all employees.

Facility Inspections

Inspections were completed on 18 facilities this year. Inspections focused on safety concerns such as tool guards, proper use and maintenance of equipment, and hazardous chemical spill prevention and containment.

Key Terms

Additional Insured – A person or organization that enjoys the benefits of being insured under an insurance policy, in addition to whoever originally purchased the insurance policy.

Aggregate Limit – Usually refers to liability insurance and indicates the amount of coverage that the insured has under the contract for a specific period of time, usually the contract period.

Automobile Liability Insurance – Coverage if an insured is legally liable for bodily injury or property damage caused by an automobile.

Broker – Insurance salesperson that searches the marketplace in the interest of clients, not insurance companies.

Case Management – A system of coordinating medical services to treat a patient, improve care and reduce cost. A case manager coordinated health care delivery for patients.

Casualty Insurance – That type of insurance that is primarily concerned with losses caused by injuries to persons and legal liability imposed upon the insured for injury or damage to property of others.

Confidence Level – The statistical certainty that an actuary's funding forecasts will be sufficient.

Deductible – Amount of loss that the insured pays before the insurance kicks in.

Employers Liability Insurance – Coverage against common law liability of an employer for accident to employees, as distinguished from liability imposed by a workers' compensation law.

Errors & Employment Practices Liability – Insurance coverage for claims other than bodily injury and direct property damage arising out of actual or alleged “wrongful acts” such as errors, omissions, misstatements, malpractice, civil rights violations, discrimination, sexual harassment, and wrongful employment practices involving employee hiring, promotion, or termination.

Exclusions – Items or conditions that are not covered by the general insurance contract.

Excess Insurance – A policy covering and insured against claims greater than a deductible or self-insured retention amount.

General Liability Insurance – Insurance designed to protect business owners and operators from a wide variety of liability exposures. Exposures could include liability arising from accidents resulting from the insured’s premises or operations, products sold by the insured, operations completed by the insured, and contractual liability.

Incurred But Not Reported (IBNR) – Insured losses that have occurred but have not been reported to a primary insurance company.

Indemnity Payments (as used in this report) – Workers’ compensation claim payments made to employees for loss of wages or loss of use of a body part resulting from a job related injury. The term Indemnity Payments is used to include temporary disability, permanent disability, industrial disability, commutations, and special case claims payments made to employees under Missouri law and to distinguish them from payment of medical bills.

Liability Insurance – Insurance coverage that offers protection against claims alleging that negligence or inappropriate action resulted in bodily injury or property damage to another party.

NCCI – A U.S. insurance rating and data collection bureau specializing in workers’ compensation. NCCI also produces a number of manuals that govern the details of how Workers’ Compensation insurance premiums are calculated.

Negligence – Failure to act within the legally required degree of care for others, resulting in harm to them.

Premium – The price of insurance protection an insurer or governmental internal service fund charges to insure a particular risk.

Replacement Cost – The cost of replacing property without a reduction for depreciation. By this method of determining value, damages for a claim would be the amount needed to replace the property using new materials.

Reserves – Monetary amounts recorded as expenses which are estimates of future claims payments arising from event occurring during the current and prior fiscal years.

Risk Management – The process of identifying, analyzing, selecting and implementing the most cost effective techniques to eliminate, reduce, transfer, or finance exposures to loss.

Self-Insurance – Risk management approach in which an entity sets aside a sum as a protection against probable losses, instead of transferring the risk by purchasing an insurance policy.

Self-Insured Retention – The amount of claim payments specified in an insurance policy that the insured agrees to pay directly, in addition to claim investigation and defense costs, before the insurer (excess insurance) will begin to be responsible for claims handling and claim payment expenses.

Subrogation – The right of an insurer (including self-insured entity) to pursue a third party that caused a loss to the insured. This is done as a means of recovering the amount of damage paid for the loss.

Workers' Compensation – The statutory system prescribed by state law for employers to provide medical care and loss of income benefits to employees sustaining a job related injury or death due to an accident or occupational disease.